

## THE COMMITTEE ON THE BUDGET

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## TRADE ADJUSTMENT ASSISTANCE MORE SPENDING, MORE TAX HIKES

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The Trade and Globalization Assistance Act of 2007 (H.R. 3920), scheduled for the floor today, is yet another addition to the Democratic Majority's tax-and-spend philosophy. Even as the Senate Budget Committee has begun hearings on the unsustainable growth of entitlement spending, House Democrats are *adding* to it – and raising taxes on U.S. employers. Here are some key points:

- ***Increases Spending by \$8.6 Billion Over 10 Years.*** The bill swells the existing Trade Adjustment Assistance [TAA] program by providing benefits to workers in the service industry as well as in government agencies at any level. In addition, it expands TAA to apply to production or services relocated to any foreign country, and not just those affected by trade. Finally, the bill significantly expands the benefits provided to eligible individuals, and transfers additional funds to the States for unemployment compensation. Overall, these expansions cost \$8.6 billion over 10 years.
- ***Raises Taxes \$9.3 Billion Over 10 Years.*** This time, the Democrats' tax hike includes an extension of the unemployment surtax on U.S. businesses, and a 3-year delay of a benefit aimed at helping U.S. multinational companies avoid double-taxation of foreign income.
- ***Reflects a Lack of Oversight.*** In addition, the Democrats' bill fails to address concerns about TAA's efficiency. And makes no effort to integrate it with other existing job-training programs to improve the services available to displaced workers. By contrast, the Republican substitute ensures that existing programs are integrated, and helps get displaced persons back to work without raising taxes or jeopardizing economic growth.
- ***Repeats the Tax-and-Spend Practice.*** Chasing new spending with higher taxes is nothing new for the Majority. Other notable examples of House-passed legislation include:
  - *Farm Bill Reauthorization (H.R. 2419):* Increases spending by \$29 billion over 10 years, and raises taxes by \$7.5 billion.
  - *SCHIP Reauthorization (H.R. 976):* Increases spending over 10 years by \$112.4 billion, and raises taxes by \$71 billion.
  - *Energy Tax Legislation (H.R. 2776):* Raises taxes by \$15 billion over 10 years.
  - *Majority's Budget Resolution (S.Con.Res.21):* Raises taxes by at least \$217 billion over 5 years, and more likely up to \$392.5 billion.
- ***Even More Taxes Are on the Way.*** Just last week, Ways and Means Committee Chairman Rangel introduced a major tax plan that would raise taxes by \$3.5 trillion over 10 years. Even the Majority's more modest attempt at "patching" the AMT is expected to raise other taxes by more than \$60 billion.